

Company Visit

Not rated

China All Access Holdings

Sector: Information Technology

Industry: Communications Equipment

Sub-industry: Communications Equipment

Key data

Price (HK\$)	2.50
52wk High (HK\$)	3.97
52wk Low (HK\$)	1.89
Market Cap (HK\$m)	4,556
Market Cap (US\$m)	588
Shares outstanding (m)	1,582
Free float	57.2%
1M Return	-7.7%
6M Return	-7.3%
52wk Return	-18.7%
YTD Return	-13.3%
Dividend yield (FY13)	3.20%
S&P	-
HSCEI	9,780

Inst Ownership (Top 5)

YUEN MING CHAN	32.02%
TIANAN PROPERTY INSU	6.42%
QUANTUM CHINA ASSET	4.98%
PROSPER TALENT LTD	4.28%
CHENGWEI CAA HOLDING	4.23%

Source: Bloomberg

Analyst

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中国全通 (633:HK)

质变

中国全通 (633.HK) 主要经营两部分业务：(a)由全通集团经营的卫星和无线通信解决方案和服务业务，和(b)由收购长飞集团而开展的智能设备研发和制造业务。中国全通目前拥有全通集团 100%的股权和长飞集团 63%的股权。2014 年，无线通信解决方案和服务占中国全通 70 亿人民币收入约 90%，营业利率 3%；卫星通信解决方案和服务提供约 10%的收入，营业利率 35%；2014 年营业收入和归属股东的经常性利润都达到了约 50%的年增长率。公司对于融合发展通讯解决方案和智能硬件业务有坚定的决心。

全通集团：通信解决方案和服务。全通集团是中国领先的卫星和无线通讯解决方案和服务提供商，在公安、人防、应急通讯和城市综合管理领域，全通集团和政府部门、公共事业机构和大型企业保持着良好的业务往来。

志在丰富应用。全通集团目前正在寻求与中国西部地区的警务部门合作，同时也在完善基于安卓的警用安全平台。顺应中国物联网大发展的趋势，全通集团也在积极探索和 4G 以及北斗导航系统的深度融合。此外，消费电子产品线也将建设新的技术和生产中心，扩大产能，目标将产品的全球市占率从 1%提升到 2%。

长飞集团：向消费电子领域扩张。中国全通从 2012 年开始收购长飞集团，并且在之后数次购买长飞集团股权，现在中国全通持有长飞 63.42%的股权。长飞主要生产智能硬件终端和部件，主要应用于智能手机、平板电脑、数码相机和其他消费电子产品。持有长飞集团表明了公司积极参与中国快速增长的消费电子领域的决心。

剥离兴飞公司，寻求更高投资回报。兴飞公司曾是长飞集团的子公司，长飞在 2015 年初持有其 80%的股份，兴飞主要经营手机和移动电源产品的研发制造。2015 年 4 月 13 日，长飞集团出售了兴飞 26%的股份，并在之后的 8 月 14 日表示其计划以人民币 7.2 亿元、约 12 倍 PE 出售持有的剩余所有 54%的兴飞股份。中国全通希望以此寻找回报更高的投资领域并更加专注于公司核心业务。

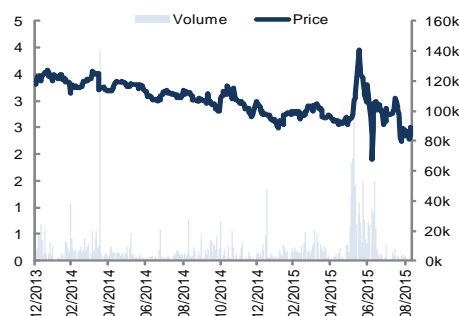
当前估值。中国全通当前股价为每股 2.3 港元，总市值 42 亿港元。现股价相当于 13x 15E PE 和 1.1x 历史 PB。

Financial Table

	11A	12A	13A	14A
Revenue (m)	752	746	5,922	8,859
YoY (%)	30.7%	-0.7%	693.7%	49.6%
Net income (m)	247	209	281	261
YoY (%)	40.6%	-15.3%	34.3%	-7.0%
Diluted EPS	0.20	0.17	0.21	0.18
YoY (%)	21.4%	-16.0%	23.2%	-13.3%
ROE (%)	18.5%	12.0%	13.6%	9.7%
Dividend yield (%)	4.3%	4.0%	2.5%	2.7%
Free cashflow per share	0.14	0.10	-0.65	-0.24
PE (x)	7.8	10.4	15.4	16.1
PB (x)	1.2	1.2	1.9	1.5
EV/Ebitda	3.1	10.3	10.6	11.5
Debt/Equity	0.01	0.24	0.54	0.62

Source: SWS Research, Bloomberg

Please also find SWS Research on your Bloomberg terminal at SWSE <GO>, FactSet and S&P Capital IQ.



Source: Bloomberg

Investment Highlights:

China All Access Holdings provides wireless telecom solutions and services under its China All Access Group subsidiary, as well as smart device R&D and production through Chang Fei Group, in which it holds a 63% stake. The wireless telecom business generated revenue of Rmb7bn, or c.90% of total revenue, in 2014, with an operating margin of 3%, while its satellite telecom solution business carried an operating margin of 35%. Both revenue and recurring net profit expanded c.50% YoY in 2014. The company remains confident in its strategy to integrate its telecom solutions and terminal products.

All access. All Access Group is a leading satellite and wireless telecom solution provider in China. Covering social public security, governmental emergency communication and urban comprehensive management, All Access Group maintains strong relationships with government departments, public utility companies and enterprise consumers.

Improving applicability. All Access Group aims to expand its business by cooperating with local police forces across western China. Meanwhile, the company is attempting to introduce its products to Android. Following the development of the Internet of Things (IoT) in China, All Access will integrate its 4G and Beidou services to improve its product services. The company aims to establish a technology centre and production base for its consumer electronics line in a bid to raise its market share from 1% to 2%.

Expansion to consumer electronics. All Access began acquiring Chang Fei Group in 2012. Chang Fei provides smart terminals and parts primarily for the use of smart phones, tablets, digital cameras and other consumer electronic devices. We believe the holding of Chang Fei's share represents All Access' determination to enter the rapidly growing consumer electronics market.

Disposal of Xing Fei. Xingfei, previously a subsidiary of ChangFei Group (80% stake held by ChangFei in early-2015), is primarily engaged in the R&D, manufacturing and sales of mobile phones and mobile power source products. On 13 April 2015, Chang Fei disposed of its 26% equity interest in Xing Fei and on 14 August it proposed plans to dispose of the remaining 54% for a total of Rmb702m based on c.12x PE. All Access aims to use the proceeds for higher yield development opportunities and expand its core business.

Current valuation. China All Access Holdings is currently trading at HK\$2.50 per share, representing 13x 15F PE and 1.2x trailing PB, giving it a market cap of HK\$4.5bn.

China All Access is a leading provider of smart technology-based complete information communication solutions and services. All access produces a series of leading integrated information system solutions and advanced technology devices, and its solutions and products contributed to the development in the areas of fire and civil defence, social public security, radio management, governmental emergency communication and urban comprehensive management in China.

Shareholding structure

Below is the shareholding structure updated to 17 July 2015. CHEN Yuanming the first major shareholder, also the actual controller, as well as chairman of board and founder of All Access, holds 30.07% of the total common stocks.

Figure 1: Major Shareholders (latest: 17 July 2015)

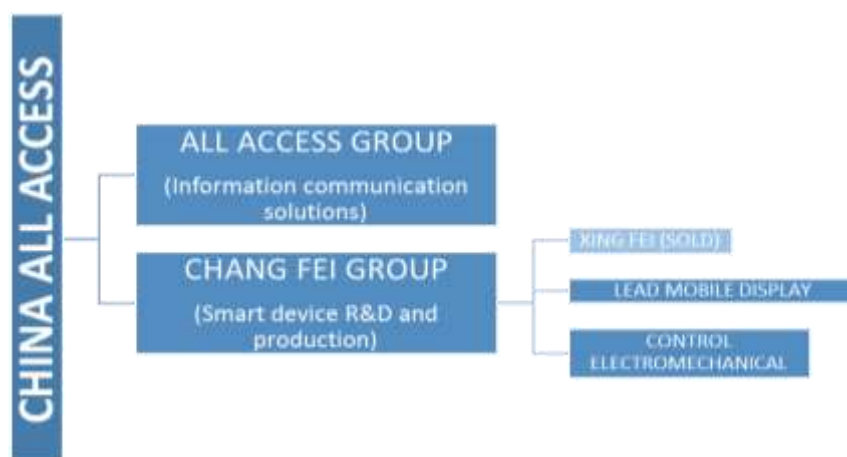
Shareholder Name	Holding Shares	% of Issued Common Stocks	Shareholders Type
CHEN Yuanming	547,996,000	30.07	Actual Controller
Tian'an Property Insurance	117,000,000	6.42	Stockholders holding 5% or more
Quantum China Asset Management Limited	101,572,000	5.57	Stockholders holding 5% or more
Chance Talent Management Limited	18,226,000	1.00	Institutional Investor
Asia Equity Value	10,285,025	0.56	Institutional Investor
Total	795,079,025	43.62	

Source: Company data, SWS Research

Structure: Integrating telecom solutions and mobile device production

All Access takes full control of All Access Group, which provides information communication solutions and products. And after the acquisition and successive purchase of stocks, All Access now holds 63.42% of Chang Fei Group's shares. Due to the strong financial performance of Chang Fei, All Access considers this act will continue benefit its business as well as fulfil its strategy of 'integrating telecom solutions and mobile device production'.

Figure 2: All Access Holdings



Source: Company Website, SWS Research

Xingfei, previously a subsidiary of ChangFei Group (80% hold by ChangFei early in 2015) is principally engaged in the research and development, manufacturing and sales of mobile phones and mobile power source products. On 13 April 2015, Chang Fei disposed 26% equity interest and further proposed to dispose the remaining 54% for Rmb702m on August 14, 2015 based on c.12x PE. All Access aims to use the proceeds for higher yield development opportunities.

The company is constantly refining its business structure to focus more on its core competence. After acquisition of Changfei in 2012, the company takes further steps to acquire additional shares for its R&D tech, and disposed many associates in 2013. In 2015, All Access is taking two steps in dispose Xingfei's mobile terminal products and tries to concentrate on smart device R&D and information communication products and services.

Financial brief

In 2014, the company's revenue rose by almost 50% YoY, contributed mostly from satellite communications solutions and services segment, which soared by about 64.39% YoY, and from wireless data communications application solutions and services segment rose by about 48.52% compared with 2013. Profit attributable to shareholders, excluding one-off investment gain of approximately RMB86m from disposal of an associate in 2013, increased from Rmb137m in 2013 to Rmb208m for the year ended 31 December 2014, representing an increase of approximately 51.36%.

The wireless telecom solution service accounts around 90% of its total Rmb7bn revenue in 2014 with 3% operating profit margin, while satellite telecom solution provide nearly 10% but with 35% operating profit margin.

Figure 3: Revenue growth

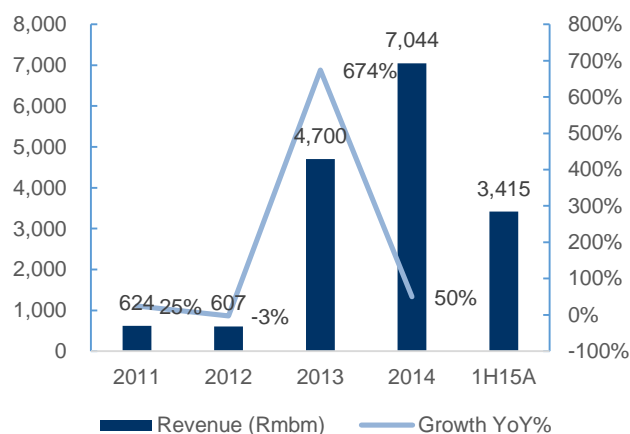
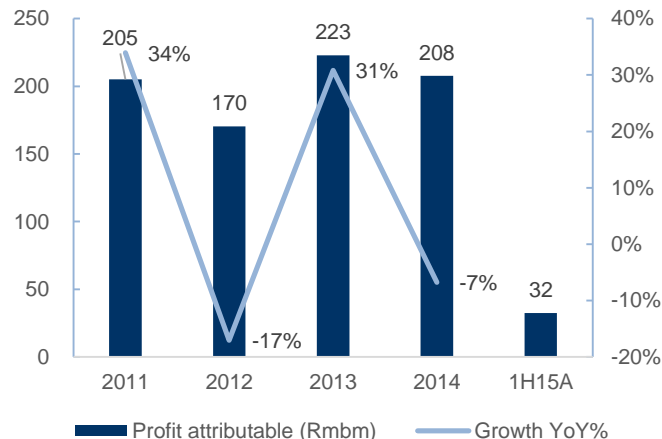


Figure 4: Profit attributable growth



Source: Company, SWS Research

The wireless telecom solution service accounts around 90% of its total Rmb7bn revenue in 2014 with 3% operating profit margin, while satellite telecom solution provide nearly 10% but with 35% operating profit margin.

Figure 5: Revenue breakdown 2013

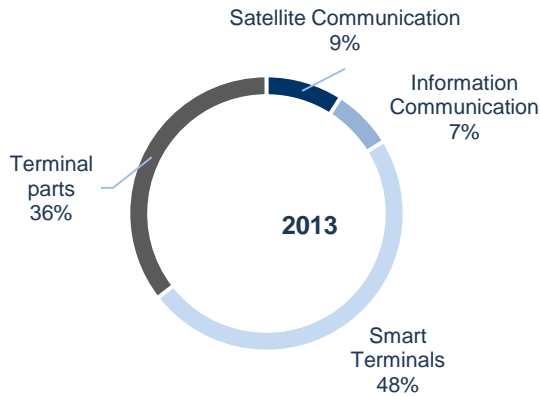
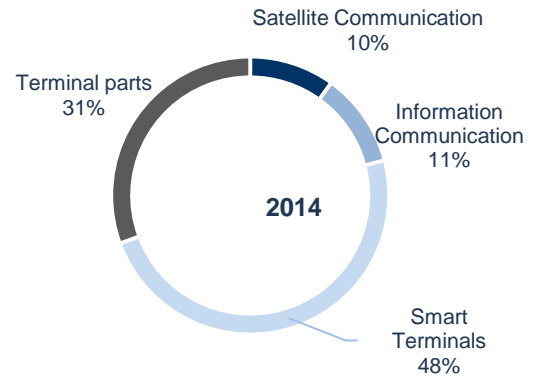


Figure 6: Revenue breakdown 2014

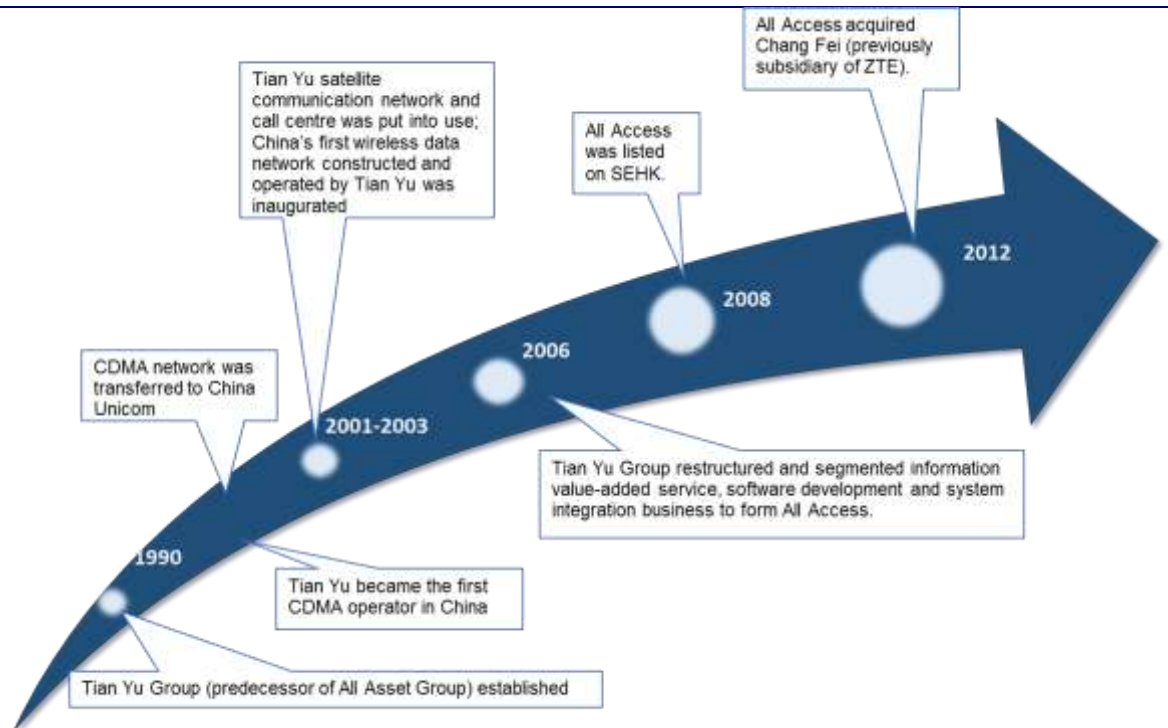


Source: Company, SWS Research

All Access Group: Information Communication Solutions

All Access Group is a leading satellite and wireless telecom solution provider in China. In the areas of social public security, governmental emergency communication and urban comprehensive management, All Access Group maintains good business relations with government departments, public utility companies and enterprise customers.

Figure 7: History of All Access Group



Source: Company, SWS Research

1) Satellite communication solutions

Being the industry standards setter of radio monitoring satellite connecting system in China, All Access formulated national public security satellite communication standards, constructed and maintained it as well.

- **Broadband satellite communication on the move (SOTM) system** can realize two-way transmission in dynamic or stationary environment regardless of time, place and distance. This system is subjected to the highest vehicle speed limit, with its shortest capture time and lowest antenna.

Applications: remote deployable command, video conferencing on the move, real time image acquisition and processing, quick deployment, mobile office, collective control, data voice transmission and autonomous power supply.

- **Dedicated mobile broadband communication system** is based on digital trunking system using TD-LTE technology and SOTM transfer link. It allows integrated multi-network connection and information sharing among multistage command centre and various information terminals. Hence the dispatch and decision support process is visualized and the system stands out for its access for information terminals in different formats.
- **Converged communication and Visual dispatch system** integrates satellite communication and wired/wireless communication, being able to connect with terminals such as radio stations, cell phones, telephones, walkie-talkies, videophones, IP units, analogue & IP cameras and satellite communication vehicles. This system realizes multi-stage networks, comprehensive co-ordination, and cooperative command and decision-making capabilities.

Figure 8: Converged communication and Visual dispatch system



Source: Company data

2) Wireless data communication systems

- **Mobile police system and terminals:** All Access set the industry standards of mobile police service technology. This solution supports TD-LTE(4G), GSM, TD-SCDMA, WCDMA and CDMA2000, consists security and encryption module, identity authentication module and security audit module.

The Mobile Police Service and Electronic Payment System can help in the settlement of traffic offences, making payments, accident handling, and the management of various traffic facilities. This system makes it convenient for the police to record and handle traffic offences in a timely fashion. It is helpful in finding records of historical traffic offences and thus improves the police's work efficiency and their practical ability at the scene of traffic offences.

- **Fire auto-alarm system:** Remote monitoring on fire fighting devices makes real time condition of fire fighting system at hand, realizing data collecting and inspecting, alarm handling, information notification and inquiry and GIS positioning.

3) Operation & maintenance solution

Operation & maintenance solution by All Access is an ITSS(level 2) solution providing comprehensive operating and maintenance service, including inspection, consulting, spare parts and overhaul. The solution serves for: national and province level civil defense project; satellite network of the Ministry of Public Security and its local branches; Firefighting Department and units in Zhejiang, Jiangsu, Xi'an, etc.; Radio communication management institutes.

4) Terminal products

Figure 9: Products of All Access Group (by type)

<i>Satellite communication</i>	<i>Visual dispatch</i>	<i>On-board panorama record device</i>	<i>Police service terminal</i>
SOTM antenna, stationary antenna, portable antenna	Audio video integrated machine, Integrated audio dispatch server, Integrated video dispatch server	Panorama system(processing) module, Panorama observing module, Panorama displaying module	Integrated terminal, Separated terminal, LTE dual mode terminal, Law enforcement recorder
Integrated satellite terminal, satellite modem gateway, satellite router, shipboard satellite terminal			
Beidou positioning module (supports Beidou and GPS navigation), Beidou telecom module, In hand Beidou terminal, Beidou tablet, Beidou DVR			

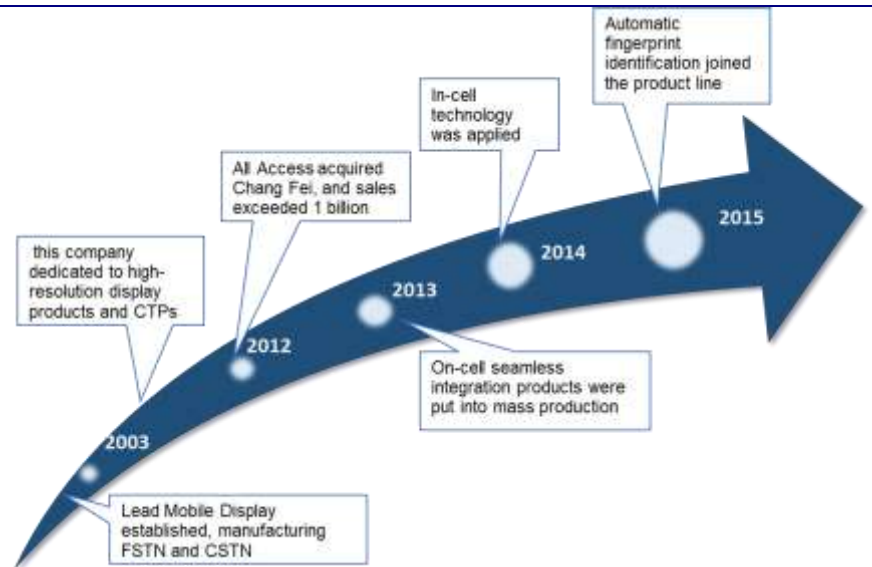
Source: Company data, SWS Research

Chang Fei Group: Smart Device R&D and Production

1) Lead Mobile Display

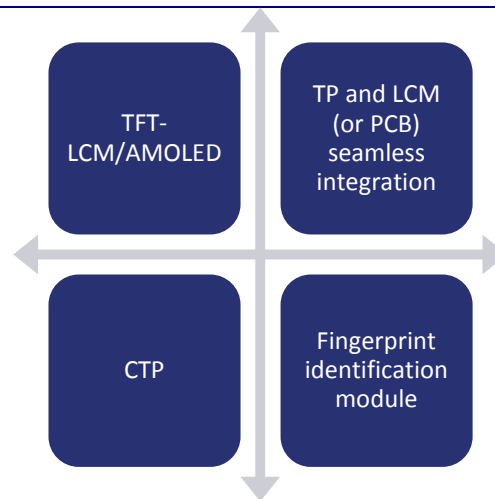
Lead Mobile Display is a hi-tech company providing mainly liquid crystal module (LCM) and capacitive touch screen (CTP), and its products are widely applied to consumer electronics such as cellphones, GPS, laptops, tablets and e-books.

Figure 10: History of Lead Mobile Display



Source: Company, SWS Research

Figure 11: Four main products of Lead Mobile Display



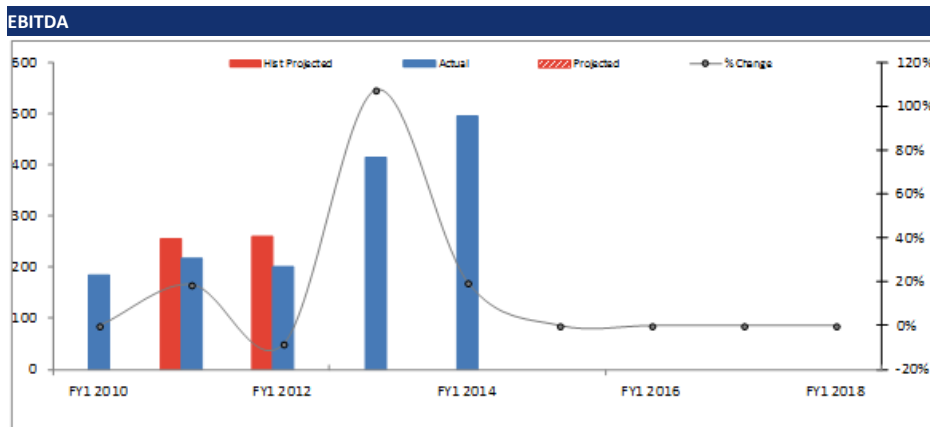
Source: Company data

Facing the integration trend of display and touch, in seamless integration sector, LEAD focuses on In-cell and On-cell technology and On-cell products has gone on the market already. Lead Mobile Display dedicates to CTP smaller than 28". G+F, G+Fm, P+F and G+F+F methods are applied. (G, glass, F, film, P, plastic.)

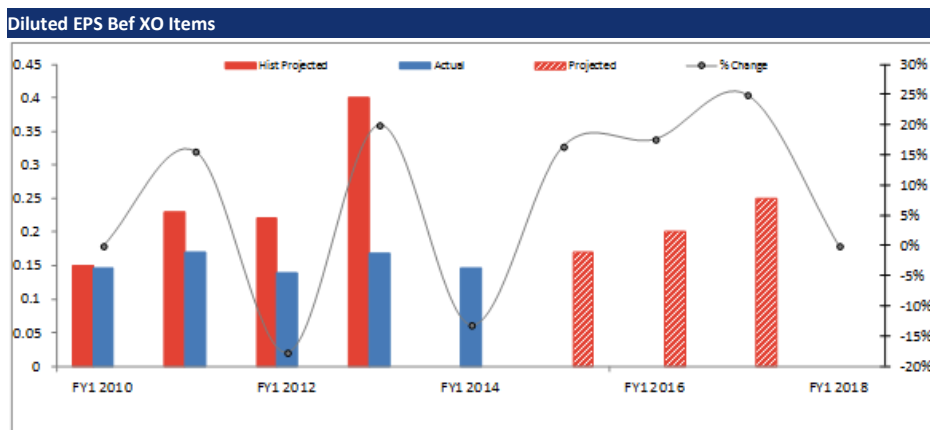
Fingerprint identification was added in Lead's business earlier in 2015, and company offer: Throughout customized fingerprint identification solution; Simplified coating module solution; Optimized IC and algorithm; Hard-encryption with high reliability; Ergonomical design.

2) Control Electromechanical

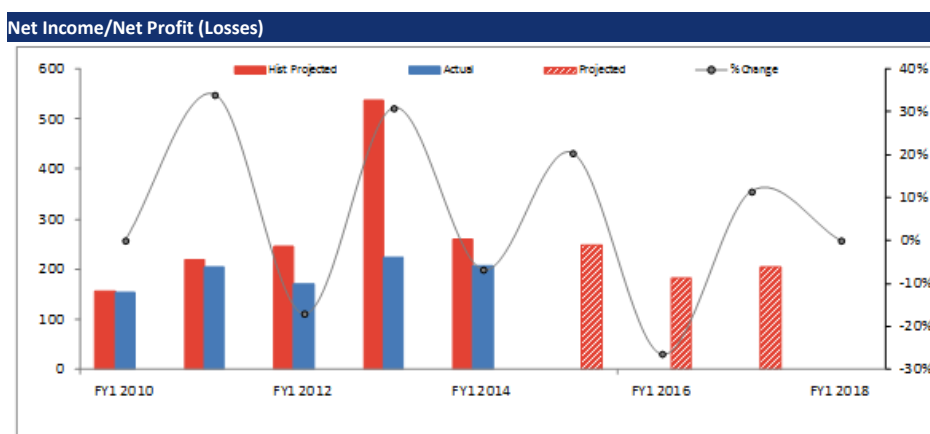
Control Electromechanical provides one-stop precision plastic parts service for cell phones and DCs, covering the whole process of model design, fabrication, injection moulding, coating, printing, vacuum plating and assembling.



Source: SWS Research, Bloomberg

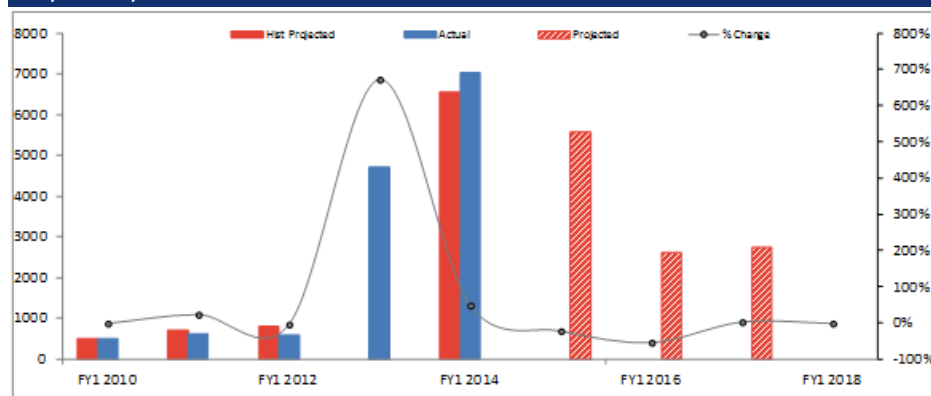


Source: SWS Research, Bloomberg



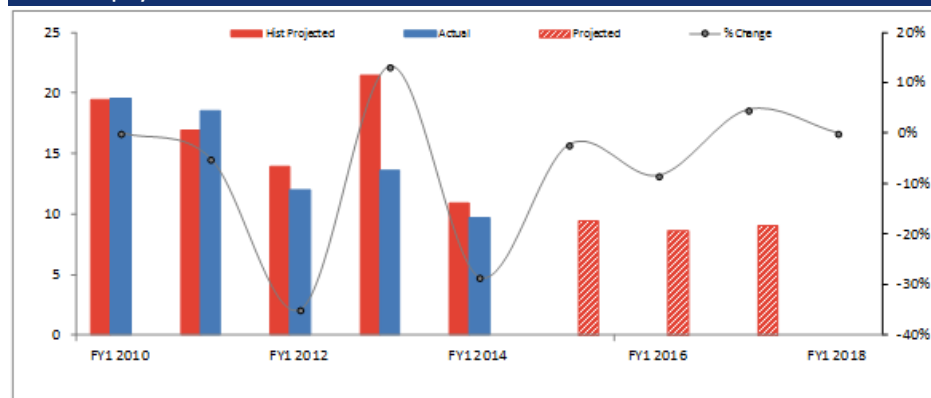
Source: SWS Research, Bloomberg

Sales/Revenue/Turnover



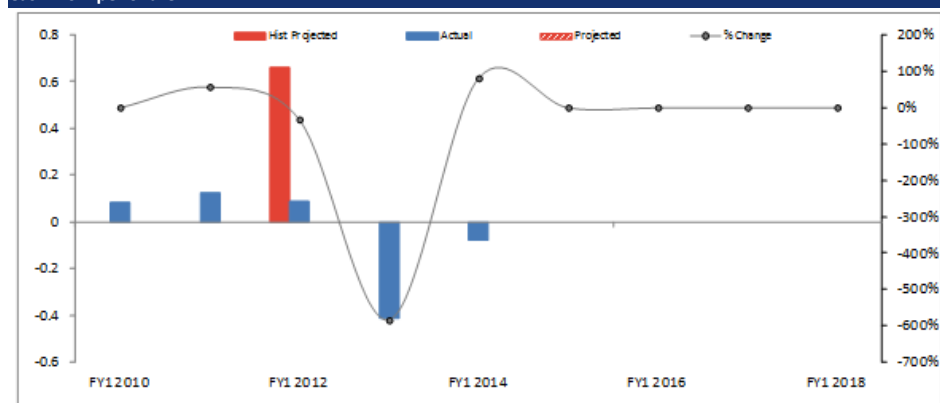
Source: SWS Research, Bloomberg

Return on Equity



Source: SWS Research, Bloomberg

Cash Flow per Share



Source: SWS Research, Bloomberg

Appendix

Income Statement

HK\$m	2011	2012	2013	2014
Revenue	752	746	5,922	8,859
Operating Income	246	224	380	503
Pretax Income	281	251	577	344
Income bef XO Items	247	209	427	244
Net Income	247	209	281	261
Basic EPS Before XO Items	0	0	0	0
Basic EPS	0	0	0	0
Diluted EPS Before XO Items	0	0	0	0
Diluted EPS	0	0	0	0
Dividends per Share	0	0	0	0
Ebitda	262	245	522	623
Return on Common Equity	18	12	14	10

Source: Bloomberg

Balance Sheet

HK\$m	2011	2012	2013	2014
Total Current Assets	1,803	5,505	7,519	9,005
Total Long-Term Assets	168	1,955	2,345	3,222
Total Assets	1,970	7,460	9,864	12,228
Total Current Liabilities	260	4,166	5,840	7,530
Total Long-Term Liabilities	25	551	668	668
Total Liabilities	285	4,717	6,508	8,198
Total Shareholders' Equity	1,686	2,743	3,356	4,029
Shares Outstanding	1,218	1,217	1,329	1,582
Book Value per Share	1	1	2	2
Tangible Book Value / Sh	1	1	1	2
Shareholder Equity/Total Liab	86	37	34	33

Source: Bloomberg

Cash Flow Statement

HK\$m	2011	2012	2013	2014
Net Income	247	209	281	261
Depreciation and Amortisation	16	21	142	120
Change in Working Capital	645	(217)	299	(162)
Cash - Operating Activities	182	127	(689)	(141)
Capital Expenditures	(18)	(3)	(167)	(204)
Cash - Investing Activities	(925)	(173)	(313)	(1,659)
Cash - Financing Activities	362	159	1,428	1,537
Net Changes in Cash	(381)	113	426	(264)
Free Cash Flow	164	125	(855)	(345)
Free Cash Flow / Basic Sh	0	0	(1)	(0)
Free Cash Flow / Diluted Sh	0	0	(1)	(0)
Cashflow per Share	0	0	(1)	(0)

Source: Bloomberg

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HSCEI is the benchmark employed in this report.

Friday, 11 September, 2015

Bringing China to the World

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